

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

BULLETIN 92-2

Issued this 29th day
of July, 1992

TO: ALL WORKERS' COMPENSATION INSURERS LICENSED IN MINNESOTA

Section 35 of Chapter 510, of the 1992 Session laws requires that..."an insurer's approved schedule of rates in effect on October 1, 1992 must be reduced by 16 percent and applied by the insurer to all policies with an effective date between October 1, 1992 and March 31, 1993."

Each insurer should follow the procedures outlined below to comply with the 16% rate reduction requirement.

Each insurer must file a new Schedule of Rates(SOR) with the Department, on or as close to August 1, 1992 as is possible. The SOR must be effective on October 1, 1992; the rates will remain in effect until revised, subsequent to April 1, 1993. The SOR must represent a reduction of 16% from the insurer's currently effective Minnesota rates. NO OTHER CHANGES TO THE SOR SHOULD BE MADE. In addition to the SOR, each insurer should prepare and submit the data shown in ATTACHMENT 1 - SOR Worksheet. A copy of the insurer's most recently approved rates must also be included in the filing package. The SOR filing must include the standard Minnesota Property-Casualty Transmittal Form and a filing fee of \$50.00.

Premium calculations for renewal proposals and for all new business proposals to be offered on or after October 1, 1992 must be based on the new SOR.

For policies on which there is an "unexpired portion" as of October 1, 1992, compliance with the mandated rate reduction shall be accomplished by issuing a refund of 16% of the unearned premium that has already been paid and then reducing any future installment premium payments by the 16% mandated rate reduction as well. For any refundable amount of \$100.00 or less, the insurer may offer a credit of this amount, in lieu of a cash payment, against premiums payable during the remainder of the policy period or against future premiums. However, if the insured requests a refund of an amount of \$100.00 or less, the insurer must tender a check for the amount due.

This directive is a minimal method for dealing with the impact of the mandated reduction. NO INSURER SHOULD DEVIATE FROM ITS NORMAL BUSINESS PRACTICES IN ORDER TO REDUCE OR NEGATE THE EFFECT

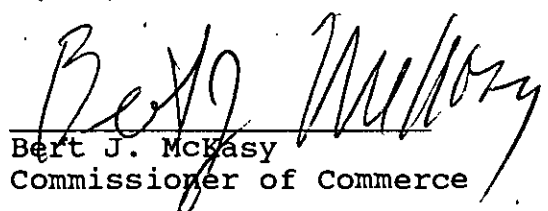
OF THE REDUCTION. ANY INSURER MAY ADOPT A PROCEDURE WHICH IS MORE FAVORABLE TO THE INSURED EMPLOYER.

Refund checks or any statement about future premium reductions should be mailed with the notice of rate reduction required by SECTION 35, paragraph (b).. THESE ITEMS SHOULD BE MAILED SO THAT THEY REACH THE INSURED NO LATER THAN NOVEMBER 1, 1992. The MWCIA will draft the required notice and file it on behalf of its subscribers.

Pursuant to Section 35, paragraph (c) of Chapter 510, the Department will accept no rate increase filings prior to April 2, 1993. Rate increases must request an EFFECTIVE DATE of April 2, 1993 or later.

Rate filings which result in rate decrease(s) may be filed at any time. Each insurer must offer Safety Consultation Services to its insureds under ARTICLE 3, Section 2; no charge(s) may be made for these services.

Questions regarding this Bulletin should be directed to Ron Meuser, Department of Commerce, 133 East 7th Street, St. Paul, MN 55101. Mr. Mauser's telephone number is (612) 297-5849.


Bert J. McKasy
Commissioner of Commerce

ATTACHMENT 1

Schedule of Rates(SOR) - Worksheet

<u>CLASS CODE</u>	<u>CURRENT RATE</u>	<u>REDUCTION FACTOR</u>	<u>NEW RATE</u>
2939	\$18.73	0.84	\$15.73

EXAMPLE EXAMPLE EXAMPLE EXAMPLE EXAMPLE EXAMPLE

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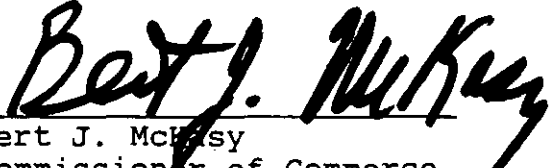
In the matter of Surplus Lines
Insurance - List of unavailable coverages

Minn. Stat. 60A.201, Subd. 4, Lists of unavailable lines of insurance; maintenance provides that:

The commissioner shall maintain on a current basis a list of those lines of insurance for which coverages are believed by the commissioner to be generally unavailable from licensed insurers. The commissioner shall republish a list and make available to all licensees that list every six months. Any person may request in writing that the commissioner add or remove coverage from the current list at the next publication of the list. The commissioner's determinations of coverage to be added to or removed from the list shall not be subject to the administrative procedure act but prior to making determinations the commissioner shall provide opportunity for comments from interested parties.

The attached revised list includes amendments to Section 5B reflecting changes in insurance coverages presumed to be generally unavailable in the admitted market. Effective May 1, 1992, the listed coverages may be placed with eligible surplus lines insurers by surplus lines agents without evidence of declination by licensed insurers. It is not necessary to file affidavits regarding evidence of placement with the Department of Commerce for these coverages.

Any person requesting changes in this list at the time of the next publication may do so by submitting their recommendation and reasons for the change to: William Kyle, Commerce Department, Policy Analysis Section, 133 East 7th Street, St. Paul, MN 55101.


Bert J. McKasy
Commissioner of Commerce

Dated

4-30-92

COMMISSIONERS LIST
OF
LINES OF INSURANCE AND INSURANCE COVERAGES
WHICH ARE PRESUMED
UNAVAILABLE IN THE ADMITTED MARKET

1. Accident and Health - Individual and Group
 - A. Not Covered in Standard Contracts
 1. Cosmetic
 2. Custodial Care
 3. Excess over scheduled or usual, customary and reasonable charges
 4. War Risk
2. Automobile Physical Damage Including Comprehensive Collision and Combined Additional Coverages
 - A. Commercial and Personal
 1. Not Eligible Under the Minnesota Automobile Insurance Plan
 2. Auto Renters Conversion
 3. Logging Trucks
 4. Long-Haul Trucks
 5. Taxi-Cabs
3. Aviation and Aircraft
 - A. All Perils
 1. Air Cargo
 - a. Hazardous
 - b. Slung
 2. Antique
 3. Applicators (including crop damage and chemical drift)
 4. Charters
 5. Experimental
 6. Fixed Base Operations
 7. Flight Training
 8. Gliders
 9. Helicopters
 10. Hot Air Balloons
 11. Parachute Clubs and Skydiving
 12. Racing
 13. Skyjack
 - B. Excess Passenger
 - C. Comprehensive P. D. - Hull

4. Fire, Extended Coverages or
Allied Lines and Other Property Perils

- A. Difference in Conditions
- B. Personal and Commerical Properties of the type normally insurable in the Fair Plan, but ineligible because of vacancy, occupancy, physical condition, etc.
- C. Water Damage (not available from Federal Flood Insurance Program)

5. Liability

A. Automobile

- 1. Assigned Risk (excess over Minnesota Automobile Insurance Plan)
- 2. Auto Racing
- 3. Charter Bus Services (excess over Minnesota Automobile Insurance Plan)
- 4. Taxi-Cabs (excess only)

B. General/Excess

- 1. Alarm Companies
- 2. Ambulance Service
- 3. Amusement Devices
- 4. Amusement Parks
- 5. Anhydrous Ammonia Dealers/Haulers
- 6. Animal Rides
- 7. Animal Racing
- 8. Asbestos Abatement Contractors
- 9. Broad Form Property Damage
- 10. Buffer Layer Umbrella
- 11. Canoe Outfitters
- 12. Carnivals and Circus
- 13. Citizen Participation Groups
- 14. Commercial Aviation
- 15. Community Development Corporations
- 16. Company Reimbursement
- 17. County Park Districts
- 18. Crane Operators
- 19. Day Care Providers
- 20. Developmental Achievement Centers
- 21. Drag Strip
- 22. Environmental Impairment (pollution)
- 23. False Arrest (municipal or other public body)
- 24. Foster Parents and Foster Homes (including adult foster care)
- 25. Go-karts/Midgets-Spectators
- 26. Ground Applicators - Chemical Drift
- 27. Group Homes
- 28. Ladder Equipment Testing Services

29. Logging Operators
30. Mechanical Contractors
31. Monorails
32. Non-profit Agencies
33. Oil and Gas Exposures (excluding filling station, garages, and bulk dealers)
34. Outfitters and Guides
35. Private Security Firms
36. Publishers (excess)
37. Rafting
38. Resorts
39. Riding Stables
40. Security Guard Services
41. Sheltered Workshops
42. Ski-lifts and Tows
43. Slides (giant, super, mountain or water)
44. Snowmobile Dealers
45. Tanning Salons
46. Workers' Compensation (excess only which is not available from Workers' Compensation Reinsurance Association)

C. Professional Liability and Malpractice (including Errors and Omissions; Directors and Officers)

1. Architects and Engineers
2. Associations
3. Building Inspectors
4. Certified Public Accountants
5. Chiropodists
6. Clinical Laboratories
7. Electronic Data Processors
8. Engineers
9. Hydrogeologists
10. Industrial Safety and Health Consultants
11. Insurance Companies/Agent
12. Investment Advisors
13. Lawyers
14. Maternal and Child Health Care Coordinator
15. Mutual Funds
16. Paid Guardian Programs
17. Physicians and Surgeons
18. Police Professional Liability
19. Public Health Professionals
20. Public Officials
21. Real Estate Syndicates
22. Registered Representatives
23. School Boards
24. Sewer Districts
25. Stockbrokers
26. Surveyors
27. System Analysis/Software Design Program Services
28. Unauthorized Computer Access

6. Marine and Transportation - All Risk

A. Inland Floater

1. Contact Lenses
2. Contractors Equipment
3. Control of Well
4. Grain Contamination
5. Grain Title
6. Tank Leakage
7. Weather Coverages

B. Railroad

1. Cargo
2. Railroad Liability
3. Railroad Protective Coverage

C. Truck

1. Long Haul
2. Hazardous Cargo

7. Miscellaneous/Specialty Lines

A. Bank - Mortgagers All Risk

B. Bonds - Grain Storage/Buyers

C. Crime

1. Extortion
2. Kidnap
3. Ransom

D. Mortality (animal)

1. Pets
2. Poultry

E. Short Term Specific Events/Happenings

F. Twin-Birth Insurance

G. Retroactive

H. Retro Penalty Insurance

I. DRG Stop Loss